

SENATE BILL 6 of First Extraordinary Session

By Rochelle

AN ACT to amend Tennessee Code Annotated, Title 67, relative to
taxation of business organizations.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-4-804(a) is amended by adding
the following as a new, appropriately designated subdivision:

() "Pass-Through Entity" for purposes of this part and part 9 shall mean a
partnership, limited liability company or any other entity which is not subject to tax
pursuant to this part.

SECTION 2. Tennessee Code Annotated, Section 67-4-804(a)(7) is amended by
deleting the subdivision from the beginning of the subdivision through the end of subitem (B)
and by substituting instead the following:

(7) "Doing business in Tennessee" or "doing business within this state"
means any activity purposefully engaged in, within Tennessee, by any business entity
named in §§ 67-4-806 and 67-4-903, with the object of gain, benefit, or advantage,
consistent with the intent of the general assembly to subject such entities to the
Tennessee franchise, excise tax to the extent permitted by the United States
Constitution and the Constitution of the state of Tennessee. A business entity shall be
considered to be "doing business in Tennessee" or "doing business within this state" for
purposes of this part and part 9 of this chapter if it owns a ownership interest in a pass-

through entity which is doing business in Tennessee; provided, that any such business entity shall not be considered to be "doing business in Tennessee" or "doing business within this state" for purposes of this part and part solely because of any one (1) of the following activities

SECTION 3. Tennessee Code Annotated, Title 67, Chapter 4, Part 8, is amended by adding the following as an appropriately designated new section:

Section 67-4-8__.

Pass-Through Entities - Apportionment. For purposes of this part and part 9, any pass-through entity in which a taxable entity has an interest in profits or capital shall be disregarded as a separate entity. The tax attributes of a disregarded entity shall, for purposes of this part and part 9, be attributed to each owner of such entity to the extent of the owner's ownership interest in such entity.

SECTION 4. This act shall take effect upon becoming a law, the public welfare requiring it.